

Message Text

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ACTION EUR-12

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5863

INFO ALL EC CAPITALS

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY PRETORIA

AMEMBASSY WARSAW

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USEEC

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TAGS: EEC, EIND, ETRD, RO, HU, SP, RU, CZ, SA, PL

SUBJ: EC FOREIGN MINISTERS COUNCIL, APRIL 4, 1978: STEEL

REFS: (A) BRUSSELS 5634; (B) BRUSSELS 6375; (C) 77

BRUSSELS 19129

1. SUMMARY: THE APRIL 4 EC FOREIGN MINISTERS COUNCIL APPROVED THE RESULTS OF THE STEEL NEGOTIATIONS BETWEEN JAPAN AND THE EC COMMISSION (REF A) AND AN EC OFFER TO SPAIN. THE COUNCIL ALSO EXPRESSED AGREEMENT WITH COMMISSION DECISION TO DELAY INCREASES FOR INTERNAL GUIDE PRICES. END SUMMARY.

2. IN A PRESS BRIEFING FOLLOWING THE COUNCIL MEETING, A MEMBER OF EC COMMISSIONER DAVIGNON'S CABINET (DE FRAIGNE) TOLD REPORTERS THAT THE COMMISSION WAS AUTHORIZED TO UNCLASSIFIED

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SIGN THE RECENTLY NEGOTIATED STEEL ARRANGEMENTS WITH JAPAN AND SOUTH AFRICA. DE FRAIGNE SAID THAT THE COMMISSION ALSO HAS A "GREEN LIGHT" TO CONCLUDE AN ARRANGEMENT WITH SPAIN, CONTINGENT UPON SPANISH ACCEPTANCE OF THE EC OFFER. DE FRAIGNE SAID THAT CONDITIONS FOR SPAIN AND SOUTH AFRICA ARE THE SAME: 1976 MARKET SHARES MINUS AN 8-10 PERCENT ADJUSTMENT FOR EC CONSUMPTION/PRODUCTION

EXPECTATIONS IN 1978.

3. DE FRAIGNE SAID THE COMMISSION DOES NOT YET HAVE A MANDATE FOR CONCLUDING NEGOTIATIONS WITH CZECHOSLOVAKIA (REF B), BECAUSE ITALY IS MAINTAINING A RESERVE ON QUANTITIES. HE SAID THAT, ONCE THAT RESERVE IS WITHDRAWN, THE COMMISSION WILL BE ABLE TO MAKE AN OFFER TO THE CZECHS. DE FRAIGNE SAID NEGOTIATIONS WITH ROMANIA LOOK BAD, SINCE THE ROMANIAN QUANTITY DEMANDS ARE TOO HIGH. HE ALSO SAID THAT THE COMMISSION HAS BEGUN NEGOTIATIONS WITH HUNGARY AND HAS HAD CONTACTS WITH POLAND AND THE SOVIET UNION (THE LATTER HAVE BEEN ONLY IN THE CONTEXT OF DISCUSSIONS ON OTHER ISSUES AND HAVE BEEN UNPRODUCTIVE).

4. DE FRAIGNE SAID THAT THE COUNCIL AGREED WITH THE COMMISSION'S DECISION TO FOREGO A FIVE PERCENT INTERNAL MARKET PRICE INCREASE ON APRIL 1, AS PROVIDED IN THE COUNCIL'S DECISION LAST DECEMBER 20. HE SAID THE EC WILL NEVERTHELESS RETAIN, FOR THE TIME BEING, ITS OVERALL OBJECTIVE OF A FIFTEEN PERCENT INCREASE FOR 1978 AS A WHOLE. HE ALSO INDICATED THAT PRICE ADJUSTMENTS WILL BE MADE IN SOME MEMBER STATES DUE TO EXCHANGE RATE FLUCTUATIONS (REF C).

5. DE FRAIGNE SAID THE COUNCIL IS EXPECTED TO HOLD A SPECIAL DEBATE IN JULY ON STEEL INDUSTRY RESTRUCTURING AND NATIONAL AIDS. MORRIS
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